

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3700-03  
Bill No.: HCS for HB 1398  
Subject: Veterans.  
Type: Original  
Date: February 6, 2002

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
General Revenue *	(\$782,600)	(\$306,632)	\$0
World War II Veterans' Recognition Award	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds *</b>	<b>(\$782,600)</b>	<b>(\$306,632)</b>	<b>\$0</b>

\* Subject to appropriation.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Public Safety - Office of the Adjutant General (OTAG)** state this proposal extends the application period to file for the W.W. II Veteran Recognition Awards by 18 months through July 1, 2003 and directs the Adjutant General to administer the program. The proposal also allows posthumous awarding of W.W. II awards. Under this program, veterans of W.W. II residing in Missouri on August 28, 2001 or of deceased veterans who were legal residents of Missouri at the time of his or her death are eligible to receive a medal/medallion and certificate from the State of Missouri as appreciation for their service to our State and Nation. OTAG assumes this program will be completed by September 30, 2003.

OTAG states this proposal will extend the eligibility of approximately 435,000 World War II veterans or their relatives to receive W.W. II Recognition Awards who had not applied for their award by January 1, 2002. OTAG states their computations assume that all W.W.II veterans who currently reside in Missouri were residents of Missouri at time of entering service. Since the Office of the Adjutant General's military archives maintain only war records of veterans who initially entered service from Missouri, verification of service of W.W. II veterans who entered service from states other than Missouri but currently reside in Missouri will require additional research (time/effort).

OTAG assumes the administration and the final distribution of medals would last no longer than September 30, 2003 and that all awards will be mailed to awardees, or be presented by local veteran organizations. OTAG, in this cost estimate, projects both temporary state employees and contract labor will be used to administer the program and that a FY 2003 supplemental would be required to continue the application process beginning July 1, 2002.

Information received by the Office of the Adjutant General projects that 435,000 Missourians served in W.W. II . Of which, only approximately 25,000 had applied for awards by January 1, 2002. OTAG originally assumed that 50%, or 205,000  $((435,000 - 25,000) / 2)$  of the remaining veterans eligible or their family members will apply for the awards. However, the actual number of applicants could be significantly higher or lower. An award and postage combined is projected to cost \$10 total.

OTAG assumes the need for four additional full-time temporary personnel (4 FTE) plus 10 contract temporary labor to administer the program. The additional staff would include one Veterans Service Supervisor (at \$36,012), one Office Support Assistant (at \$21,192), one Accountant I (at \$30,204) and one Account Clerk II (at \$23,184). Total annual expenses estimated by OTAG are \$110,592 for personal service for the four FTE, \$37,701 for fringe benefits, and \$297,600 in contract labor and supplies. OTAG originally assumed an additional

205,000 awards will be distributed at a revised cost

ASSUMPTION (continued)

estimate of \$10 per award, or \$2,050,000 in expense in FY 2003. OTAG originally assumed a total expense for adding the additional 18 months to the application deadline as well as allowing families deceased veterans to receive the award will be \$2,495,893 in FY 2003 and \$115,176 in FY 2004.

In an updated estimate, OTAG assumes approximately 50 percent of the 125,000 estimated eligible living veterans will apply for this award. Currently, 35,000 have submitted applications, leaving an estimated 27,500 living W.W.II veterans anticipated to apply for the award.

Since this proposal also allows posthumous application of the awards to spouses of Veterans, **Oversight** assumes widows of an additional 39,000 of the estimated 310,000 deceased veterans will apply for the award. According to the Statistical Abstract of the United States, 44.9 percent of the females aged 65 and older are considered "widowed". Assuming this same percentage applies to the 310,000 deceased Missouri W.W.II veterans, Oversight assumes there are 139,190 ( $310,000 \times 44.9\%$ ) Missouri W.W.II veterans' widows living in Missouri. Applying the same percentage (28%, or  $35,000/125,000$ ) of eligible veterans that applied for the award in the original window, results in an estimate of roughly 39,000 ( $139,190 \times 28\%$ ) widows applying for awards for their deceased veteran husbands.

**OTAG** states that HB 207 provided the Office of the Adjutant General with \$3,000,000 from the Veterans Commission Capitol Improvement Trust Fund in FY 2002 to administer the program. This fiscal note assumes that the unused portion of this appropriation, approximately \$2.5 million dollars, will be made available or reappropriated to the OTAG to continue this program through September 30, 2004 should this proposal become law. Under this assumption, no additional funding will be needed to extend the program and support the revised eligibility requirements.

**Oversight** assumes that since OTAG was not allowed additional FTE in their budgets to administer this program, OTAG will be able to continue the administration for an additional 18 months with the temporary employees and necessary supplies. An estimate of \$50 was used for the cost of the award in 2000, however, with experience OTAG estimates the cost of the awards to be \$10 each.

Oversight assumes the unutilized balance of the \$3,000,000 appropriation from FY 2002 could cover at least some of the additional costs resulting from this proposal. However, making the FY 2002 surplus available to be used in FY 2003 and FY 2004 would have to be executed through reappropriation budget decisions and Oversight has reflected the fiscal note as the actual

anticipated cost of extending the program for 18 months and increasing the eligible recipients to spouses of deceased eligible veterans.

ASSUMPTION (continued)

Oversight assumes of the 66,500 (27,500 + 39,000) estimated awards to be processed and presented, 45,000 will be purchased in FY 2003 at a cost of \$450,000 (45,000 x \$10 each) and the other 21,500 awards will be purchased in FY 2004 at a cost of \$215,000 (21,500 x \$10 each).

**OTAG** states that the reduction in the number of awards processed would not result in a reduction in the personnel and other expenses estimated to complete this program.

Officials from the **Missouri Veterans' Commission (VET)** state this proposal opens up the application process for WWII medals/medallions/certificates to families of deceased veterans and extends the application date to July 1, 2003. The VET assumes an additional cost of \$50,000 (\$35,000 in FY 2003 and \$15,000 in FY 2004) for postage and printing for the applications and additional personnel to assist with the additional workload. The VET states the costs are based upon costs incurred and applications received during the initial onset of the program.

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
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**GENERAL REVENUE FUND**

<u>Transfer Out</u> - to the World War II Veterans' Recognition Award Fund	<u>(\$782,600)</u>	<u>(\$306,632)</u>	<u>\$0</u>
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<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND *</b>	<b><u>(\$782,600)</u></b>	<b><u>(\$306,632)</u></b>	<b><u>\$0</u></b>
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**WORLD WAR II VETERANS' RECOGNITION AWARD FUND**

<u>Transfer In</u> - from General Revenue	\$782,600	\$306,632	\$0
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Costs - Adjutant General's Office

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
Expense and Equipment	(\$297,600)	(\$76,632)	\$0
<u>Costs - Veterans' Commission</u>			
Expense	(\$35,000)	(\$15,000)	\$0
Medals, Medallions and Certificates	<u>(\$450,000)</u>	<u>(\$215,000)</u>	<u>\$0</u>
<u>Total Costs - Veterans' Commission</u>	<u>(\$485,000)</u>	<u>(\$230,000)</u>	<u>\$0</u>

**ESTIMATED NET EFFECT TO THE  
 WORLD WAR II VETERANS'  
 RECOGNITION AWARD FUND \***

**\$0                      \$0                      \$0**

\* Subject to appropriation.

<u>FISCAL IMPACT - Local Government</u>	FY 2003	FY 2004	FY 2005
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

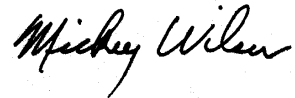
This proposal changes the deadline for filing applications for World War II medals from January 1, 2002, to July 1, 2003. The proposal also specifies that veterans entitled to a medal or spouses of veterans entitled to medal who died prior to filing an application may apply for World War II medals.

The proposal contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety  
Office of the Adjutant General  
Missouri Veterans' Commission

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Acting Director  
February 6, 2002